Appendix A: Monthly Update on the "Local Assurances" Program in Support of the Student Financial Aid High Impact Federal Programs

<u>MEMORANDUM</u>

TO: Lorenzo Rasetti
              Office of Management and Budget

FROM: Bob Davidson, Director
              Year 2000 Project Management Team
              U.S. Department of Education

SUBJECT: Assuring the Year 2000 Readiness of High Impact Federal Programs

This memorandum is in response to your request for a monthly update on the schedule of key activities in the Education Department's strategy to assure its customers and the general public that our student aid programs are year 2000 ready.

The Department's strategy includes testing data exchanges with its trading partners, developing complementary business continuity and contingency plans with our partners and sharing key information on Y2K readiness with our partners and the public. Listed below is an updated schedule of activities associated with the Department's strategy to assure the public that the high-impact student aid programs will work.

<u>Testing Data Exchanges with Trading Partners</u>

The Department's data exchange testing strategy is based on two independent but complementary test plans that will provide evidence that student aid delivery systems are prepared to function as designed in the year 2000. The two planned tests are:

1. Year 2000 School and Trading Partner Testing. This testing is intended to verify the Y2K compliance of data exchanges with the approximately 5,800 postsecondary schools and/or other trading partners (e.g., third party servicers, guaranty agencies, state education offices, etc.). The testing schedule includes the following windows:

Systems and External Trading Partners	1st Testing Window		2nd Testing Window		3rd Testing Window		4th Testing Window	
	Begin	Finish	Begin	Finish	Begin	Finish	Begin	Finish
National Student Loan Data System (NSLDS) Clearinghouse Schools Guaranty Agencies	4/12	5/21	7/12	8/31	9/13	11/19	11/20	12/17
Central Processing System (CPS) Schools	6/01	7/12	8/09	9/20	9/21	11/19	11/20	12/17
Direct Loan Origination System (DLOS) Schools	4/12	5/21	7/12	8/20	9/13	11/19	11/20	12/20
Pell Grants System Schools	6/21	7/23	7/12	8/20	9/13	11/19	11/20	12/17

As of this report, over 840 schools attempting the tests have been fully successful. In addition, a number of third party servicers that perform data exchanges for schools have also successfully tested with the Department. Additional testing windows for schools were added this fall. In this way, the Department's data exchanges school testing program will be available when schools complete their Y2K renovations and are ready to test.

2. Year 2000 End-to-End Testing. This testing is intended to validate the business processes that support the delivery of student aid program services. It includes systems not only internal to the Department but also those of other agencies that support student aid delivery external to the Department. The testing schedule is as follows:

Test Phase Description	Phase Start	Phase Finish
FFEL Lender Invoice and Disbursement Process	01/23/1999	03/02/1999
Guaranty Agency & Disbursement Process	01/23/1999	03/10/1999
Student Application Process	11/10/1998	02/05/1999
NSLDS Testing	11/10/1998	06/30/1999
CBS Testing	10/07/1998	03/18/1999
Pell Disbursement Testing	02/01/1999	06/30/1999
DLOS Exchange Testing	11/09/1998	05/21/1999
Direct Loan Repayment Process Testing	03/27/1998	03/19/1999
Data-Provider Software Testing	06/01/1998	02/05/1999

Developing Complementary Business Continuity and Contingency Plans

The Department completed initial business continuity and contingency plans for each of the eight student aid business processes on March 31. The plans were developed with input from the external student aid community (e.g., schools, lenders, guaranty agencies, secondary markets, etc.). Updated drafts were submitted to OMB on June 15. They will be refined over the next several weeks based on comments and OMB input. To facilitate public comment, the plans are posted on the Department's Y2K web site. Listed below is a schedule of events for the business continuity and contingency planning process:

Event	Timeframe	Status
Solicit initial comments from the postsecondary community	November 1998	Completed
Hold focus group meetings on business continuity and contingency plans with the student aid community	February 1999	Completed
Post the initial announcement of the project on the Department's web site	February 1999	Completed
Post the student aid report on the eight business processes, including contingency plan "high level" options to the Department's web site	March 1999	Completed
Complete the initial business continuity and contingency plans	March 1999	Completed
Participate in Texas Guaranty Student Loan Corp. Forum	March 1999	Completed
Participate in the Direct Loan Annual Conference	March 1999	Completed
Participate in Western Association of Student Financial Aid Administrators events	April 1999	Completed
Participate in Virginia Association of Student Financial Aid Administrators events	April 1999	Completed
Participate in conference of National Association of College and University Business Officers (NACUBO)	April 1999	Completed
Post "updated" contingency plans to the Department's web site	May 1999	Completed
Participate in student loan industry Y2K Contingency Planning Conference hosted by Student Loan Marketing	June 1999	Completed

Association

Event	Date	Status
• Participate in National Association of Student Financial Aid Administrators conference events	July 1999	Completed
• Participate in Third-Party Servicer Conference	August 1999	Completed
• Updated BCCPs submitted to OMB and Congress	October 1999	Completed

<u>Sharing Key Information on Y2K Readiness with Customers and the Public</u>

The Department has conducted a number of activities to share key information on Y2K readiness with its customers and the public. These activities will continue throughout 1999. Below is a partial listing of these activities:

Event	**Date**	Status
• Conduct a survey of community colleges' Y2K readiness and post results on the Department's web site	Summer 1998	Completed
• Conduct survey of 1500 Direct Loan Program schools on their Y2K readiness and post results on Department's web site	Summer 1998	Completed
• Post the status of the Department's Y2K renovation effort on its web site	Quarterly 1998-1999	Ongoing
• Distribute the "Year 2000 Readiness Kit--A Compilation of Y2K Resources for Schools, Colleges, & Universities"	November 1998	Completed
• Hold a national satellite teleconference for schools, colleges, & universities on meeting the Y2K computer challenge	December 1998	Completed
• Hold Y2K focus group/workshop for Hispanic Serving Institutions	April 1999	Completed
• Conduct Y2K readiness survey of all 6,500 postsecondary institutions	May 1999	Completed
• Hold Y2K focus group/workshop in New Orleans for HBCUs	June 1999	Completed
• Hold Y2K focus group/ workshop in San Antonio for Hispanic Serving	June 1999	Completed

Institutions

• Conduct Y2K readiness reviews of guaranty agencies and third party servicers	Fall 1999	Underway
• Send Dear Colleague Letter from Chief Operating Officer, Office of Student Financial Assistance, to postsecondary community regarding testing and contingency plans	July 1999	Completed
• Meet with Presidents of HBCUs	July 1999	Completed
• Send Dear Colleague Letter from Deputy Secretary to student financial aid administrators regarding survey results, data exchange testing and contingency plans	July 1999	Completed
• Hold Y2K focus group in Bismarck, ND, for Tribally-controlled colleges and universities	July 1999	Completed
• Hold Y2K focus group in Denver for Hispanic Serving Institutions	July 1999	Completed
• Hold Y2K focus group in Albuquerque for Hispanic Serving Institutions	July 1999	Completed
• Hold Y2K focus group in Polsum, MT, for Tribally-controlled colleges and universities	August 1999	Completed
• Hold Y2K focus group in Atlanta for HBCUs	August 1999	Completed
• Update the Department's Y2K brochure to highlight data exchange testing and contingency planning	August 1999	Completed
• Hold Y2K focus group in New York for large private and public Eastern institutions	August 1999	Completed
• Hold Y2K focus group in Ponce, PR, for Hispanic Serving Institutions	August 1999	Completed

• Send Dear Colleague Letter from Sec Riley to Presidents and Chancellors of all postsecondary institutions on survey results & need for data exchange testing	August 1999	Completed
• Hold Y2K focus group in Seattle, Washington, for a cross-section of postsecondary institutions	September 1999	Completed
• Brief Ivy League institutions on ED's readiness and testing opportunities	September 1999	Completed
• Produce Video News Release to demonstrate the readiness of the Department's student aid application system and data exchange testing opportunities	September 1999	Completed
• Conduct follow-up survey on Y2K readiness of postsecondary institutions and publicize results	Fall 1999	Completed
• Hold White House Y2K Roundtable with national higher education association executives, moderated by John Koskinen	October 1999	Completed
• Issue press release on results of fall survey	October 1999	Completed
• Hold press conference announcing results of the fall survey and findings of the Roundtable	October 1999	Completed
• Conduct site visits to Hispanic Servicing Institutions in Puerto Rico with focus on testing and contingency planning	October 1999	Completed
• Send final awareness-raising letter to all college presidents, signed by Secretary Riley, John Koskinen, and Stanley Ikenberry, President of the American Council on Education	October 1999	Completed
• Give presentation at EDUCAUSE conference of higher education information technology officials	October 1999	Completed
• Give Presentation at student aid	November 1999	Completed

Electronic Access Conference in Miami

• Give Presentation at student aid Electronic Access Conference in Denver	November 1999	Scheduled
• Give presentation to national conference of HEA Title III institutions (HBCUs, Tribally-controlled colleges, and Hispanic-serving institutions)	November 1999	Completed
• Give Presentation at student aid Electronic Access Conference in San Antonio	December 1999	Scheduled

The September "video news release" involved a demonstration of the Y2K readiness of our electronic student aid application system. The VNR assures the public that student financial aid services, a high impact federal program, will not experience disruptions due to the Y2K bug. The video not only promotes the readiness of the Department's systems but highlights the Y2K work that has been done at local colleges, universities, and trade schools throughout the country. Further, the video demonstrates that the interfaces between the Department and local institutions, which are essential to a student receiving his/her aid, will not be affected by the millennium bug. This video also helps promote the need for postsecondary institutions to conduct data exchange testing with the Department.

The VNR was distributed to local television station throughout the country. It was used by over 40 local stations and was viewed by over three million people.

The Department will continue to participate in national and regional conferences on testing of data exchanges, developing business continuity and contingency plans, and sharing information on Y2K readiness. In all of these public activities, we will emphasize the Y2K readiness of the Department's systems and those of our trading partners.

If you have any questions or need additional information on this matter please do not hesitate to call me on 205-5263 or Dave Dexter on 401-0197.

cc: Mike Smith
   Craig Luigart
   Greg Woods